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FISCAL IMPACT STATEMENT

LS 7812

BILL NUMBER: SB 358

NOTE PREPARED: Feb 3, 2003

BILL AMENDED: Feb 3, 2003

SUBJECT: Medical Research Facilities.

FIRST AUTHOR: Sen. Kenley

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill authorizes the issuance of bonds to fund research facilities at the medical school in Indianapolis and the regional medical education centers.

Effective Date: July 1, 2003.

Explanation of State Expenditures: The bill authorizes Indiana University to issue and sell bonds for the construction of :

- (1) research facilities at the eight (8) regional medical education centers established as part of the Indiana statewide medical education system at Gary, South Bend, Fort Wayne, Muncie, West Lafayette, Terre Haute, Bloomington, and Evansville;
- (2) a research facility at the Indiana university school of medicine at Indianapolis; and
- (3) a centralized animal facility for research at the Indiana university school of medicine at Indianapolis.

The amount of the bonds are not to exceed two hundred eighty-four million dollars (\$284,000,000). The bond issues would be eligible for fee replacement. The state cost for fee replacement would be about \$22.8 M per year based on 20 year bonds at 5% interest. The first payment would be for FY 2006 or later. This bill does not contain an appropriation.

The bill also provides that these medical facilities share any financial benefits derived from any intellectual property created during the course of research at the facilities. The amount shall be determined in an agreement with the trustees and the State Budget Agency, after review by the State Budget Committee. Money paid to the state will be deposited in the General Fund.

Background: These projects would still be required to be reviewed by the Commission for Higher Education and approved by the Governor before the project could be started or the land purchased.

Under current law, capital projects must be reviewed by the Commission on Higher Education and approved by the Governor if the cost is greater than \$200,000. For projects to construct buildings or facilities with a cost greater than \$500,000 in value and paid by state-appropriated funds or student fees, the project must be reviewed by the Commission on Higher Education and approved by the Governor and the General Assembly. (IC 20-12-5.5-2(a)(1)).

To pay for the costs of capital projects, universities may issue and sell bonds so long as the bonds are supported by mandatory fees that are assessed on all students and approved by the General Assembly (IC 20-12-5.5-4). The General Assembly may appropriate fee replacement monies for the replacement of student fees dedicated to pay the principal and interest costs of bonds as approved by the General Assembly (IC 20-12-5.5-5).

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana University; State Budget Agency.

Local Agencies Affected:

Information Sources:

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